

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services, Department of Airports	(2) MEETING DATE 3/17/2015	(3) CONTACT/PHONE Machele Vieux/ 781-5200 Kevin Bumen/ 781-5205	
(4) SUBJECT Request to adopt plans and specifications (Clerk's File) for the New Passenger Terminal Building, at the San Luis Obispo County Regional Airport, and authorize processes for public bidding for construction services. Bid opening date will be April 16, 2015. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Adopt the plans and specifications (Clerk's File) for the construction of the New Passenger Terminal at San Luis Obispo Regional Airport; 2. Authorize the contract to be advertised for construction bids. The recommended bid opening date is Thursday, April 16, 2015; and 3. Provide the Director, General Services Department, or her designee, the discretion to extend the bid opening date to a date deemed more appropriate by the Director or her designee, so long as such extension is in compliance with all applicable laws. 			
(6) FUNDING SOURCE(S) FAA Grant: Approx. \$19.6M Passenger Facility Fees: Approx. \$7.6M Customer Facility Fees: Approx. \$334K County Local Share: Approx. \$3M Estimated Total Project: \$30.6M	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? N/A	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>10/28/2014, 7/15/2014, 3/11/2014, 11/5/2013, 9/24/2013, 7/23/2013, 3/5/2013, 3/6/2012, 9/6/2011, 8/18/2010</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Geoff O'Quest, Administrative Analyst			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services / Machelie Vieux/ 781-5200
Department of Airports / Kevin Bumen / 781-5205

DATE: 3/17/2015

SUBJECT: Request to adopt plans and specifications (Clerk's File) for the New Passenger Terminal Building, at the San Luis Obispo County Regional Airport, and authorize processes for public bidding for construction services. Bid opening date will be April 16, 2015. All Districts.

RECOMMENDATION

It is recommended that the Board:

1. Adopt the plans and specifications (Clerk's File) for the construction of the New Passenger Terminal, at the San Luis Obispo Regional Airport;
2. Authorize the contract to be advertised for construction bids. The recommended bid opening date is Thursday, April 16, 2015; and
3. Provide the Director, General Services Department, or her designee, the discretion to extend the bid opening date to a date deemed more appropriate by the Director or her designee, so long as such extension is in compliance with all applicable laws.

DISCUSSION

Executive Summary

In October 2014, Airports received authorization from the Board to apply for a Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant to partially fund construction of a new terminal building at the San Luis Obispo County Regional Airport. The County Department of Airports is requesting Board authorization to advertise for construction bids in order to meet the FAA bid submission deadline of May 1. Authorizing the advertising of bids does not commit the Airport to build the terminal. The Board will have a final opportunity in summer 2015 to consider moving forward with the project after bids and grant award amounts have been received.

Background

Anticipating future growth and the need to address modifications to FAA safety standards, preliminary schematic designs began in 2003. However, in 2008, due to the downturn in the economy, that effort was stopped along with plans for a parking structure.

In 2010, with Board approval, Airports accepted a grant from the FAA to fund the design and development of a potential new terminal building. The overall completion of the terminal design was broken down into several phases to give the Board the opportunity to receive regular updates and, if necessary, the ability to stop the project during any of the phases of work.

In 2012, Reynolds, Smith and Hills (RS&H) commenced the three phase project of Design Development with the final

design being approved by the Board in July 2014.

Alternatives considered

The current terminal and the parking apron used by the commercial aircraft are too close to the runway and need to be relocated to effectively meet FAA safety standards. The Airport currently operates with a Modification of Standards issued by the FAA, which isn't considered to be a feasible long-term solution. The Airport has little room for alternatives, considering the FAA's expectation to eliminate these modifications.

Additionally, the airlines are implementing larger aircraft for regional markets, creating new challenges related to aircraft parking and passenger boarding. With the existing terminal location and new aircraft equipment, the Airport would need to bus customers to aircraft located away from the terminal and runway, creating a less-desired customer experience and producing on-going staffing and operating costs.

If the airport were to consider modifying the current building, as opposed to building a new terminal building, it would lose the outside funding sources and limit any future growth opportunities.

Project Scope

The terminal is designed to meet LEED (Leadership in Energy and Environmental Design) Silver specifications although a certification is not being proposed to minimize costs. It incorporates the use of high efficiency fixtures and systems, low maintenance materials, and will be plumbed to allow for the installation of solar electrical generation panels at a future date.

The intent of the design is to meet capacity needs the airport is currently experiencing as well as allow for growth into the future. The location addresses the primary need of eliminating the modifications to FAA standards by moving terminal operations away from the parallel taxiway and out of the safety areas surrounding the runway. The design allows for future expansion for ticketing and baggage claim as well as the passenger boarding area and security screening.

Attached are renderings of the project. An overview of the scope of work is listed below:

- New passenger terminal building, approximately 48,500 sf (total enclosed) area
- The new terminal building is comprised of two separate buildings, plus a vertical circulation core:
 - Landside Building, which includes Ticketing, Baggage Claim, Passenger and Baggage Screening, Toilet Rooms, Administration Offices, and Support Areas.
 - Airside Building, which includes Passenger Waiting Lounges (Holdrooms), Boarding Areas, Toilet Rooms, and Support Areas.
 - Note: The Landside and Airside buildings are connected via an exterior, partially-covered hardscaped Courtyard area.
- A Vertical Circulation Core is located between the existing lower parking lot and the upper curbfront roadway. The Vertical Circulation Core includes an elevator, stairs, an ADA compliant accessible ramp, provisions for future escalators, and retaining walls and general landscaping.
- Base Bid: The Base bid requires completion of all Work within 730 calendar days.
- Alternate – The Alternate bid is to complete the Work within 430 days, instead of the 730 days specified for the Base bid.

The FAA awards grants based on bids. Bids must be returned and submitted to the FAA in order to receive a grant award. It is unclear as to whether Airports will receive a single grant this fiscal year to cover the entire project or if the requested funding will be split into two fiscal years. The base bid and alternate bid allow Airports to received single year or two year bids for performing the work, based on the allocation of funding provided from the FAA. FAA funding spread over two years would require the longer construction period. In either funding option, the FAA has indicated their support for the project.

Project Status

RS&H has completed the construction documents. Plans and specifications have been through plan check with the County Planning and Building Department and Cal Fire. Minor changes have been made, based on initial review, and returned to Planning and Building for final review. The project is in conformance with the previously certified Environmental Impact Report and subsequent Categorical Exclusion, and the project is ready for public advertisement and bidding.

The bid documents, plans and specifications can be obtained from the County Clerk-Recorder's Office and through the County's e-procurement website http://www.slocounty.ca.gov/GS/Purchasing/Current_Formal_Bids_and_Proposals.htm.

After bids are received, staff will review all bids to determine the lowest responsible bidder who submits a responsive bid. Airports will submit the bid tabulation sheet identifying the apparent low bidder to the FAA as required in order for a grant to be awarded. Upon receiving a grant award from the FAA (expected to occur in July or August), General Services and Airports will return to the Board to request the official creation of the project, authorize the acceptance of the grant, and award the construction contract.

Below is the approximate timeline anticipated for the next steps for the project:

Recommended bidding period:

Open: March 17, 2015

Close: 3:00 pm, April 16, 2015

Submission of bid results indicating low apparent bidder to FAA: May 1, 2015

FAA grant approval: Expected between mid-July and August 2015

Request to Board of Supervisors to Approve Bid, Fund and Award Contract: August 2015

Contractor Notice To Proceed (NTP): September 2015

Construction:

Base Bid: Construction complete within a total of 730 calendar days of NTP (approx. 2 years)

Bid Alternate 1: Construction complete within a total of 430 calendar days of NTP (approx. 18 months)

OTHER AGENCY INVOLVEMENT/IMPACT

Airports has coordinated the project with the FAA. The Planning and Building Department has performed an initial plan check review of the construction documents. General Services, County Administrative Office, and Risk Management have been involved in review of the general conditions for the project. The project is in conformance with the previously certified Environmental Impact Report. The Auditor Controller Treasurer Tax Collector's Office (ACTTC) has provided input for the Airports financial projections and has provided information regarding bond rates and processes. County Counsel has reviewed the draft bid documents.

FINANCIAL CONSIDERATIONS

Several funding sources have been identified for the project including Airport Improvement Program (AIP) federal grants, Passenger Facility Charge (PFC) revenue, Customer Facility Charge (CFC) and Bonds. Table 1 outlines the proposed funding sources for the terminal project. These figures remain unchanged from the presentation provided to the Board on October 28, 2014. Each funding source and the underlying assumptions that accompany are described in a narrative following the table. The estimated total project cost shown in the table includes all estimated costs, both construction and non-construction, including labor and materials, fixtures and equipment, management, inspection and other consultantation, and other miscellaneous costs. It is estimated that construction expense will fall between \$24 million and \$28 million.

Table 1

PROPOSED FUNDING SOURCES (ESTIMATED)

<u>Funding Source</u>	<u>Amount</u>
Entitlements	\$5,846,089
Discretionary	13,784,610
Total AIP Funded Amount (FAA)	\$19,630,699
Total PFC Funded Amount	7,581,262
Total CFC Funded Amount	334,332
Total Locally Funded Amount	3,035,696
Estimated Total	\$30,581,988

Funding Sources

AIP Grants

AIP grants include amounts received from entitlements and discretionary funds. Entitlements are based upon enplanements, currently averaging \$1.4 million annually, and expire every 36 months if not used. Discretionary funds are competitive in nature. The various projects submitted to the FAA are weighed against each other with those projects meeting FAA objectives receiving the funds. For purposes of this analysis, it is assumed that the \$19.6 million of AIP passenger entitlements and discretionary funds will be received in calendar years 2015 and 2016 for the terminal project.

PFC Revenue

Currently Airports, through its air carriers, levies a \$4.39 Passenger Facility Charges (PFC) per enplaned passenger that can be used to pay debt service related to capital projects including the new airport terminal project. It is assumed that \$6.3 million in PFC funding is eligible to service the bonded debt. The current PFC balance as of Jan 31, 2015 is \$1.53 million.

CFC Revenue

Customer Facility Charge (CFC) is a fee charged by the rental car companies to their customers at \$10 per rental contract and passed through to the Airport. It is assumed that \$334,332 of the project is eligible for CFC funding. A one-time payment will be made from the current CFC balance of \$827,000.

Local Share

All remaining project costs are proposed to be funded with local share through bonds. The bonding requirement of \$9.4 million consists of \$6,300,000 of PFC bonded debt and \$3,100,000 of local share debt. The \$9.4 million bond equates to approximately \$578,400 of annual debt service. This includes \$390,000 annual PFC debt service payment and \$187,500 local share annual debt service payment.

The financial information below is presented for informational purposes, and will be a basis of discussion in the next Board action. The Department of Airports will return to the Board approximately August 2015, to request to move forward with the construction of the terminal. For additional details regarding the financial considerations, please reference Attachment 3, October 28, 2014 Board Item.

Future Operating and Maintenance Costs

The square footage of the terminal building will increase from approximately 12,500 sq ft. to 48,500 sq ft. As mentioned above, energy and environmental design will improve utility efficiencies in the new building. It is estimated that there will be an approximate \$113,600 increase in operating and maintenance costs related directly to the new terminal building beginning in Fiscal Year 2017-18. The additional increase includes increased custodial support of \$62,600 and an estimated increase of utilities in the amount of \$51,000.

It is estimated that there will be a sufficient increase of operating revenue to cover the anticipated increase in costs. A majority of the additional revenues forecasted under the base or most-likely scenario are related to newly utilized lease space made available to rent. Available rent space for concessions and tenant leases will increase under the new plan, providing opportunities for additional income.

Financial Outlook and Forecast

The Airport considered three ranges of financial health scenarios to forecast the affordability of the \$3 million local share funding of the project. The worst case scenario reflects lost revenues and a decrease of air service, and it would require significant support from the General Fund not only for the terminal project, but it would also require support for existing Airport operating costs. The worst case will more than likely not happen, and it would require significant cuts of the existing operating budget. Under the base scenario, it is estimated that the Airport will most likely need approximately \$250,000 each year, or a one-time subsidy of approximately \$3.1 million. However, under a more optimistic financial scenario the Airport would be able to cover the annual debt payments related to the new terminal using the Airport Operating funds.

RESULTS

By authorizing the Airport to advertise bids for construction of the new terminal building, Airports will continue to move forward with FAA grant application process to construct a new terminal. Securing the FAA funding would allow the County to build a new terminal building for only about 10% of the estimated project costs. The terminal project will provide a modern facility to address the needs of the community for years to come and eliminate modifications to FAA standards bringing the Airport into compliance with current regulations, contributing to the county wide goal of a safe, prosperous and well governed community.

ATTACHMENTS

1. Vicinity Map
2. New Passenger Terminal Plans and Specifications (Clerk's File)
3. October 28, 2014 Board Item
4. Terminal Rendering – Birds Eye view
5. Terminal Rendering – Airport Drive view